

## **HIGH SCHOOL CORE AREA**

### **Economics**

**Standard ECON-4:** The student will demonstrate an understanding of personal economic decision making to maximize the net benefits of personal income.

**ECON-4.2** Explain influences on personal economic decision making and choices, including the effect of education, career choices, and family obligations on future income; the influence of advertising on consumer choices; the risks and benefits involved in short- and long-term saving and investment strategies; and the effect of taxation and interest rates on household consumption and savings. (E)

**Taxonomy Level:** B 2 Understand /Conceptual Knowledge

**Previous/future knowledge:**

In Kindergarten students matched descriptions of work to the names of jobs in the school and local community, in the past and present, including jobs related to safety. In first grade (1-6.1, 1-6.3) students explained the concept of scarcity and the way it forces individuals and families to make choices about which goods and services to obtain, along with identifying ways that families and communities cooperate and compromise in order to meet their needs and wants.

In second grade (2-2.3, 2-2.4) students summarized the roles of various workers in the community and summarized changes that have occurred in the life of the local community over time, including changes in the use of the land and in the way that people earn their living there. As well, in third grade (3.5.4) students explained the impact and the causes of emigration from South Carolina and internal migration from the rural areas to the cities, including unemployment, poor sanitation and transportation services, and the lack of electricity and other modern conveniences in rural locations.

In fourth grade (4-5.2, 4-5.6) students explained the motives for the exploration in the West and the push for westward expansion, including the concept of manifest destiny, economic opportunities in trade, and the availability of rich land. Students also compared the experiences of different groups who migrated and settled in the West, including their reasons for migrating, their experiences on the trails and at their destinations, the cooperation and conflict between and among the different groups, and the nature of their daily lives.

As well, in high school (USHC-3.1) students explained the impact and challenges of westward movement, including the major land acquisitions, people's motivations for moving west, railroad construction, the displacement of Native Americans, and the its impact on the developing American character.

### **Future Knowledge**

While no future knowledge is required, students must have a basic foundation in rational decision making skills. Students must have an understanding of the kinds of choices they may be faced with throughout their personal, education, and work lives. Students must have a solid foundation in weighing the costs/benefits of their decisions and understand the potential consequences of their decision-making. Further, students must generally understand the role of tradeoffs in short and long-run decisions.

### **It is essential for students to know**

Students should clearly understand the relationship between investments in human capital and increased earnings. They should have an understanding of concrete examples of how additional education will lead to additional income. Students must also understand the tradeoffs associated with saving and investing money. They should further understand the different types of consumer decisions that require both short and long-term savings.

Students should understand the basic tradeoffs between popular investment choices like, savings accounts, CD's, and stocks and have a general understanding of the risk/reward pyramid of investment strategies. They should also understand the basic tradeoff between consumption and savings for the individual or household. A basic understanding of the marginal propensity to consume and save would be valuable.

Students should understand the impact of taxation and interest rates on consumption and saving decisions and have a basic understanding of taxation that impacts consumer decision; sales taxes, incomes taxes, social security taxes, property taxes, etc. They should further understand the role of interest rates in impacting consumer buying decisions. For example, they should understand how interest rate changes impacts house, automotive, and education purchases

### **It is not essential for students to know**

Students do not need to know how the Federal Reserve changes the interest rate or understand additional monetary policy tools that might impact consumers. Students do not need to understand specific details of the income tax code or theories of taxation.

### **Assessment guidelines:**

The objective of this indicator is to ***explain*** the influences on personal economic decision making and choices; therefore, the primary focus of assessment should be to ***understand*** the relationship between education, career decisions, family obligations and others on future income and savings. However, appropriate assessments should also require students to ***recall*** different types of savings and investment strategies and their related risks and benefits. This assessment may also require students to further ***infer*** the relationship between taxation and interest rates on family consumption and savings.